



eNAPUS Legislative & Political Bulletin

July 16, 2010

Volume 7, Number 7



Rep. Steve Lynch
Chairman
House Federal
Workforce and Postal
Service Subcommittee

Chairman Lynch Introduces Postal Retirement Equity Legislation

Yesterday, House Federal Workforce, Postal Service and District of Columbia Chairman Steve Lynch introduced legislation (H.R. 5746) to correct the method by which the Office of Personnel Management calculates the civil service retirement liability of the Postal Service. NAPUS applauds Chairman Lynch's efforts and Postmasters will work with him to enact the bill. We understand that it is the Chairman's goal to bring the bill up for a Subcommittee vote, as early as Wednesday, July 21.

In introducing H.R. 5746, "the United States Postal Service's CSRS Obligation Modification Act of 2010", Rep. Lynch referenced the two recent independent evaluations of the Postal Service's retirement obligations on behalf of pre-1971 employees as evidencing the need of corrective legislation. Pre-1971 postal employees were employees of the federal government Post Office Department. In January, the Hay Group, which was hired by the Office of the Postal Service Inspector General, concluded that the Postal Service overpaid \$75 billion into the Civil Service Retirement and Disability Trust Fund, and would over-contribute \$10 billion in the future. In June, the Segal Company, which was retained by the Postal Regulatory Commission, reported that the Postal Service over-contributed at least \$50 to \$55 billion, and projects that the Postal Service would over-pay from \$6-8 billion in the future. Lynch stated that the current methodology used for allocating liability between the Postal Service and the federal government is "an antiquated methodology that fails to incorporate current actuarial best practices and accounting standards as recognized and codified by the Financial Accounting Standards Board." In sum, the current allocation method is neither just, nor equitable. Moreover, the forty-six year old methodology has contributed to the Postal Service's dire financial situation. It is time to get it right.

H.R. 5746 instructs the Office of Personnel Management to revise and modernize the method used in allocating retirement obligations between the Postal Service and federal government, using the methodology recommended by the Segal Company. In addition, the bill would permit the Postal Service to apply its surplus contributions towards pre-funding its retiree health insurance costs. In essence, the measure moves funds from one government trust fund (the Civil Service Trust Fund) to another government trust fund (the Postal Retiree Health Benefits Trust Fund).

Postmasters should contact their Representatives to cosponsor HR 5746 and urge that it be passed. With only 2 weeks left before Congress recesses for the summer, there is little time to spare. And, in September, Congress will have only 3 weeks in session, before leaving for the campaign trail.

**National Association of
Postmasters of the U.S.**

**8 Herbert Street
Alexandria, VA 22305**

**Tel. 703-683-9027
Fax. 703-683-0923**

We are on the Web!

www.napus.org